

**HERSEY TOWNSHIP**  
**OSCEOLA COUNTY, MICHIGAN**  
**AUDIT REPORT**  
**JUNE 30, 2005**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Hersey Township</b>	County <b>Osceola</b>
Audit Date <b>6/30/05</b>	Opinion Date <b>10/5/05</b>	Date Accountant Report Submitted to State: <b>11/14/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Terry Kirkpatrick, CPA, P.C.</b>			
Street Address <b>211 MAPLE STREET</b>		City <b>BIG RAPIDS</b>	State <b>MI</b>
Accountant Signature <i>Terry D Kirkpatrick CPA</i>		ZIP <b>49307</b>	Date <b>11-14-05</b>

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**TERRY KIRKPATRICK, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

211 MAPLE STREET  
P O BOX 817  
BIG RAPIDS, MICHIGAN 49307-0817  
(231) 796-3332  
FAX (231) 796-5554

**Independent Auditor's Report**

To the Township Board  
Hersey Township, Osceola County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hersey Township, Osceola County, Michigan, as of and for the year ended June 30, 2005, which collectively comprise Hersey Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Hersey Township, Osceola County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hersey Township, Osceola County, Michigan, as of June 30, 2005, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Hersey Township has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis- for State and Local Governments*, as of June 30, 2004. Management has elected not to present the Management's Discussion and Analysis portion of the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hersey Township, Osceola County, Michigan basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Terry Kirkpatrick, CPA, P.C.*

Big Rapids, Michigan  
October 5, 2005

*BASIC FINANCIAL STATEMENTS*

# Hersey Township – Osceola County, Michigan

## Government Wide Statement of Net Assets

June 30, 2005

	June 30,	
	<u>2005</u>	<u>2004</u>
	<u>Governmental</u>	
	<u>Activities</u>	
ASSETS		
Cash and Cash Equivalents	\$ 370,247	\$ 377,977
Receivables - Other Governmental Units	14,988	17,070
Due from Trust and Agency Funds	37,524	371
Delinquent Tax Receivable	2,362	12,922
Capital Assets (Net)	263,923	269,744
	<hr/>	
Total assets	\$ 689,044	\$ 678,084
	<hr/>	
LIABILITIES		
Payroll Taxes Payable	\$ 319	\$ 225
Non-current liabilities		
Due within one year	23,886	22,441
Due in more than one year	25,425	49,311
	<hr/>	
Total liabilities	49,630	71,977
NET ASSETS		
Invested in capital assets, net of related debt	214,612	197,992
Unrestricted	424,802	408,115
	<hr/>	
Total net assets	639,414	606,107
	<hr/>	
Total liabilities and net assets	\$ 689,044	\$ 678,084
	<hr/>	

The "Notes to Financial Statements" are an integral part of these statements.

**Hersey Township – Osceola County, Michigan**  
**Government Wide Statement of Activities**  
**For the Year Ended June 30, 2005**

	2005	2004
	<u>Program Revenues</u>	<u>Governmental Activities</u>
	<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	
<b>PRIMARY GOVERNMENT</b>		
General Government	\$ 80,817 \$ 33,722 \$ 0 \$ (47,095) \$ (77,706)	
Public Safety	109,407 54,482 0 0 (46,683)	
Public Works	48,653 0 0 0 (30,049)	
Other Functions	5,428 0 0 0 (4,836)	
Debt Service Interest	4,621 0 0 0 0	
Depreciation (unallocated)	28,986 0 0 0 (28,986)	(29,600)
Total primary government	\$ 277,912 \$ 88,204 \$ 0 \$ (189,708) \$ (188,874)	
General Revenues		
Property Taxes		57,829
State Grants		106,938
Other Revenue		2,094
Interest Earnings		2,358
Total general revenues		169,219
Change in Net Assets		
Net assets - beginning of year		(19,655)
Net assets - end of year		625,762

The “Notes to Financial Statements” are an integral part of these statements.

*GOVERNMENTAL FUND FINANCIAL STATEMENTS*

Hersey Township – Osceola County, Michigan  
Governmental Fund Balance Sheet  
June 30, 2005

	General Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds	Totals June 30, 2004
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 284,337	\$ 56,301	\$ 29,609	\$ 370,247	\$ 377,977
Delinquent Tax Receivable - Personal	1,181	1,181	0	2,362	12,922
Due from Other Funds	20,228	18,376	511	39,115	1,941
Due from Other Governmental Units	14,988	0	0	14,988	17,070
Total assets	\$ 320,734	\$ 75,858	\$ 30,120	\$ 426,712	\$ 409,910
<b>LIABILITIES AND FUND EQUITY</b>					
Due to Other Funds	\$ 1,591	\$ 0	\$ 0	\$ 1,591	\$ 1,570
Payroll Tax Payable	194	125	0	319	225
Fund Balance - Unreserved and Undesignated	318,949	75,733	30,120	424,802	408,115
Total liabilities and fund equity	\$ 320,734	\$ 75,858	\$ 30,120	\$ 426,712	\$ 409,910
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets					
Total Governmental Fund Balances				\$ 424,802	\$ 408,115
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.					
Long-term liabilities that are not due and payable in the current period are not reported in the funds:					
notes payable				(49,311)	(71,752)
Cost of capital assets, net of depreciation				263,923	269,744
Net assets of governmental activities				\$ 639,414	\$ 606,107

The "Notes to Financial Statements" are an integral part of these statements.

**Hersey Township – Osceola County, Michigan**  
**Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2005**

	General Fund	Fire Fund	Non-Major Governmental Funds	Total Government Funds	June 30, 2004 Totals
<b>REVENUES</b>					
Property Tax	\$ 56,982	\$ 54,482	0	\$ 111,464	\$ 115,183
State Grants	98,699	0	0	98,699	106,938
Charges for Services	31,962	1,760	0	33,722	30,759
Interest and Rents	4,694	585	141	5,420	2,358
Other Revenue	1,954	59,960	0	61,914	2,094
<b>Total revenues</b>	<b>194,291</b>	<b>116,787</b>	<b>141</b>	<b>311,219</b>	<b>257,332</b>
<b>EXPENDITURES</b>					
General Government	77,975	0	2,842	80,817	78,006
Public Safety	0	108,609	798	109,407	105,168
Public Works	48,653	0	0	48,653	59,377
Other Functions	5,428	0	0	5,428	4,836
Capital Outlay	0	23,165	0	23,165	0
Debt Service	0	27,062	0	27,062	0
<b>Total expenditures</b>	<b>132,056</b>	<b>158,836</b>	<b>3,640</b>	<b>294,532</b>	<b>247,387</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>62,235</b>	<b>(42,049)</b>	<b>(3,499)</b>	<b>16,687</b>	<b>9,945</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	0	65,000	3,000	68,000	53,000
Transfers Out	(68,000)	0	0	(68,000)	(53,000)
<b>Total other financing sources (uses)</b>	<b>(68,000)</b>	<b>65,000</b>	<b>3,000</b>	<b>0</b>	<b>0</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(5,765)</b>	<b>22,951</b>	<b>(499)</b>	<b>16,687</b>	<b>9,945</b>
<b>Fund Balance - July 1, 2004</b>	<b>324,714</b>	<b>52,782</b>	<b>30,619</b>	<b>408,115</b>	<b>398,170</b>
<b>Fund Balance - June 30, 2005</b>	<b>\$ 318,949</b>	<b>\$ 75,733</b>	<b>\$ 30,120</b>	<b>\$ 424,802</b>	<b>\$ 408,115</b>

The "Notes to Financial Statements" are an integral part of these statements.

# Hersey Township – Osceola County, Michigan

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2005

Net Change in Fund Balances - Total Government Funds	\$	16,687
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is capital outlay for the year.		23,165
Repayment of debt principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces debt).		22,441
Depreciation expense		(28,986)
Change in Net Assets of Governmental Activities	\$	<u>33,307</u>

The "Notes to Financial Statements" are an integral part of these statements.

# Hersey Township – Osceola County, Michigan

Fiduciary Funds  
Statement of Net Assets  
June 30, 2005

	<u>Trust Fund Type</u> <u>Cemetery Trust Fund</u>	<u>Agency Fund Type</u> <u>Property Tax Collection Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 20,087	\$ 43,300
Due from General Fund	30	0
Total assets	<u>\$ 20,117</u>	<u>\$ 43,300</u>
<b>LIABILITIES</b>		
Due to Other Governmental Units	\$ 0	\$ 5,746
Due to General Fund	0	20,227
Due to Fire Fund	0	17,327
<b>Fund Equity</b>		
Fund Balance - Expendable	8,554	0
Fund Balance - Non-Expendable	11,563	0
Total liabilities and fund equity	<u>\$ 20,117</u>	<u>\$ 43,300</u>

The "Notes to Financial Statements" are an integral part of these statements.

*NOTES TO FINANCIAL STATEMENTS*

## Hersey Township – Osceola County, Michigan

Notes to Financial Statements  
For the Year Ended June 30, 2005

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hersey Township conform to accounting policies generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Hersey Township:

#### Reporting Entity

The Township is governed by an elected, five-member, Board. The accompanying financial statements present the government and its component units; entities for which the government is considered to be financially accountable. Based on the application of the criteria, the Township does not contain any component units.

#### Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

**District-Wide Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund Based Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes – Hersey Township's property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property located within Hersey Township as of the preceding December 31<sup>st</sup>.

## Hersey Township – Osceola County, Michigan

Notes to Financial Statements - Continued  
For the Year Ended June 30, 2005

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Although the Hersey Township 2004 ad valorem tax is levied and collectible on December 1, 2004, it is Hersey Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2004 taxable valuation of Hersey Township totaled approximately \$44,020,000, on which ad valorem taxes levied consisted of .9605 mills for the Township operating purposes and an additional .9605 mills for fire protection. These amounts are recognized in the respective General and Special Revenue Fund financial statements as Due from Osceola County and/or as a tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted-for in another fund.

The Fire Fund is used to record property tax and interest for expenditures for fire protection.

Additionally, the Township reports the following fund types:

The Township reports two Fiduciary Funds (Trust and Agency Funds). One fund accounts for taxes and special assessments collected by the Township as an agent for other taxing units. The other is a Cemetery Trust Fund for perpetual care. Fiduciary Fund net assets and results of operations are not included in the government-wide financial statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Township reports two non-major special revenue funds for a fire barn fund and a cemetery fund.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

### Assets, Liabilities and Net Assets or Equity

**Deposits and Investments** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> and are considered delinquent on March 1<sup>st</sup> of the following year, at which time interest and penalties are assessed.

**Capital Assets** – Capital assets, which include property, plant and equipment assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building	40 Years
Vehicles	10 Years
Equipment	5 to 10 Years

## Hersey Township – Osceola County, Michigan

Notes to Financial Statements - Continued

For the Year Ended June 30, 2005

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Budgetary Information** – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental units. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, activity and line items. The legal level of budgetary control adopted by the governing body is the activity level. State law requires the Township have its budget in place by April 1<sup>st</sup>. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits a township to amend its budgets during the year.

### NOTE C – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township has designated two banks for the deposit of Township Funds. The investment policy adopted by the Township Board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 433,634

The bank balance of the primary government's deposits is \$1,017,514, of which \$120,000 is covered by federal depository insurance.

### NOTE D – RECEIVABLES

Receivables as of year-end for the government's individual major and non-major funds are as follows:

	General	Road Millage	Non-Major	Total
Taxes receivable	\$ 1,181	\$ 1,181	\$ 0	\$ 2,362
State revenue sharing	14,988	0	0	14,988

# Hersey Township – Osceola County, Michigan

Notes to Financial Statements - Continued

For the Year Ended June 30, 2005

## NOTE E – CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 36,000	\$ 0	\$ 0	\$ 36,000
Capital assets being depreciated				
Buildings	130,000	0	0	130,000
Fire Vehicles	254,494	23,165	0	277,659
Equipment	15,000	0	0	15,000
Less accumulated depreciation for Capital assets	(165,750)	(28,986)	0	(194,736)
Net capital assets	\$ 269,744	\$ (5,821)	\$ 0	\$ 263,923

Depreciation expense was not charged to activities as the Township considers its assets to impact multiple activities and allocation is not practical.

## NOTE G – INTERFUND RECEIVABLES and PAYABLES

Receivable Fund	Payable Fund	Amount
General	Agency	\$ 20,228
Fire	General	1,049
Fire	General	521
Non-Major	Agency	17,327

## NOTE H – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Township has purchased workers' compensation insurance for such claims. Settled claims relating to the workers' compensation insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

*REQUIRED SUPPLEMENTAL INFORMATION*

# Hersey Township – Osceola County, Michigan

## Budgetary Comparison Schedule

### General Fund

For the Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	June 30, 2004 Actual
BEGINNING OF YEAR FUND BALANCE	\$ 324,714	\$ 324,714	\$ 324,714	\$ 0	\$ 319,125
Resources (inflows)					
Property Tax	47,500	47,500	56,982	9,482	57,829
State Grants	90,000	90,000	98,699	8,699	106,938
Charges for Services	22,000	22,000	31,962	9,962	29,328
Interest and Rents	1,125	1,125	4,694	3,569	2,122
Other Revenue	1,520	1,520	1,954	434	1,344
Amounts Available for Appropriation	486,859	486,859	519,005	32,146	516,686
Changes to Appropriations (outflows)					
General Government					
Township board	18,274	19,274	9,476	9,798	12,467
Supervisor	6,749	6,749	6,641	108	6,358
Elections	6,450	7,600	2,431	5,169	0
Assessor	19,000	19,000	17,114	1,886	18,989
Clerk	13,510	13,510	12,591	919	12,725
Board of review	1,300	1,300	881	419	855
Treasurer	17,410	17,410	14,813	2,597	16,262
Townhall	8,000	10,550	14,028	(3,478)	7,103
Public Works					
Highways, streets & bridges	75,000	75,000	3,793	71,207	7,766
Sanitation	50,800	51,000	44,421	6,579	51,139
Street lighting	1,000	1,000	439	561	472
Other Functions					
Social security/ medicare tax	1,150	1,150	855	295	360
Retirement	5,000	5,000	4,573	427	4,476
Transfers Out	69,500	69,500	68,000	1,500	53,000
Total Charges to Appropriations	293,143	298,043	200,056	97,987	191,972
Budgetary Fund Balance - June 30, 2005	\$ 193,716	\$ 188,816	\$ 318,949	\$ 130,133	\$ 324,714

# Hersey Township – Osceola County, Michigan

## Budgetary Comparison Schedule

### Fire Fund

For the Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	June 30, 2004 Actual
BEGINNING OF YEAR FUND BALANCE	\$ 52,782	\$ 52,782	\$ 52,782	\$ 0	\$ 47,900
Resources (inflows)					
Property Tax	47,000	47,000	54,482	7,482	57,354
Charges for Services	1,300	1,300	1,760	460	1,131
Interest and Rents	60	60	585	525	119
Other Revenue	500	500	59,960	59,460	750
Transfer from Other Funds	65,000	65,000	65,000	0	50,000
Amounts Available for Appropriation	166,642	166,642	234,569	67,927	157,254
Charges to Appropriations (outflows)					
Public Safety					
Fire protection	78,450	131,450	108,609	22,841	86,472
Capital Outlay	43,000	53,000	23,165	29,835	18,000
Debt Service	0	0	27,062	(27,062)	0
BUDGETARY FUND BALANCE - June 30, 2005	\$ 45,192	\$ (17,808)	\$ 75,733	\$ 93,541	\$ 52,782

*OTHER SUPPLEMENTAL INFORMATION*

# Hersey Township – Osceola County, Michigan

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2005

	Fire Barn <u>Fund</u>	Cemetery <u>Fund</u>	<u>Totals</u>	June 30, 2004 <u>Totals</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 25,440	\$ 4,169	\$ 29,609	\$ 30,128
Due from General Fund	245	266	511	491
Total assets	<u>\$ 25,685</u>	<u>\$ 4,435</u>	<u>\$ 30,120</u>	<u>\$ 30,619</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Fund Balance				
Unreserved and undesignated	<u>\$ 25,685</u>	<u>\$ 4,435</u>	<u>\$ 30,120</u>	<u>\$ 30,619</u>

Hersey Township – Osceola County, Michigan  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Year Ended June 30, 2005

	Fire Barn Fund	Cemetery Fund	June 30, 2004 Totals
<b>REVENUES</b>			
Charges for Services	0 \$	0 \$	0 \$
Interest and Rents	103	38	141
Total revenues	103	38	141
<b>EXPENDITURES</b>			
General government	0	2,842	2,842
Public safety	798	0	798
Total expenditures	798	2,842	3,640
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(695)	(2,804)	(3,499)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	0	3,000	3,000
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	(695)	196	(499)
<b>FUND BALANCE - July 1, 2004</b>	26,380	4,239	30,619
<b>FUND BALANCE - June 30, 2005</b>	25,685 \$	4,435 \$	30,120 \$

**TERRY KIRKPATRICK, CPA, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

211 MAPLE STREET  
P O BOX 817  
BIG RAPIDS, MICHIGAN 49307-0817  
(231) 796-3332  
FAX (231) 796-5554

October 5, 2005

Members of the Township Board  
Hersey Township  
Osceola County, Michigan

We have recently completed our audit of the basic financial statements of Hersey Township for its year ended June 30, 2005. During this audit, we had an opportunity to observe accounting and financial procedures and many of your general management practices. As a result of our auditing procedures, there are some comments we want to present.

**CLERK AND TREASURER RECORDS WELL MAINTAINED**

The Clerk and Treasurer both have maintained their financial records in very good order. They both have done a very good job, and the Clerk has done a good job keeping the Board informed of all necessary budget amendments in a timely manner.

There were some minor problems in the tax account, which appeared to be primarily created by the prior years' tax appeals and the industrial facilities taxes.

**CANCELLED CHECKS REMAIN WITH BANK STATEMENTS**

The cancelled checks for the tax collection account were separated from the bank statement and put in chronological order by check number with all of the other cancelled checks. All cancelled checks should always remain intact with the bank statement to which each applies.

**OTHER MATTERS**

We want to thank your personnel for the courtesy and cooperation shown us by them during our audit.

Two copies of the audit report and this letter have been submitted to the Michigan Department of Treasury.

If you have any questions regarding the above or the audit, please contact us.

Sincerely,

*Terry Kirkpatrick, CPA, P.C.*